



**LAWRENCE COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2001-96
September 25, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2001

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Lawrence, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Lawrence County was a financial and compliance audit of various county operating funds. The following concerns were noted:

- The county has not established cash management procedures to ensure the minimum time lapses between its receipt of federal project monies and the disbursement of such monies to contractors. Some monies received were held as long as 23 days before the related payment was made to the contractor.
- The county does not have adequate procedures in place to track federal awards for the preparation of the schedule of federal awards. Federal expenditures were understated by approximately \$244,000 in 1999. For the schedule to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported.

The audit also includes some matters related to expenditures, budgetary procedures, published financial statements, personnel policies, officials' compensation, property tax system, County Treasurer's procedures, employee bond coverage, and the Senior Citizens Service Board, upon which the county should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

LAWRENCE COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Lawrence County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Lawrence County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Lawrence County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Lawrence County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Lawrence County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 26, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 26, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela Crawford, CPA
In-Charge Auditor:	Jody Vernon, CPA
Audit Staff:	Sandi Ohern, CPA
	Rachel Simons
	Curt Gannon



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Lawrence County, Missouri

We have audited the special-purpose financial statements of various funds of Lawrence County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 26, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Lawrence County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Lawrence County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Lawrence County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

July 26, 2001 (fieldwork completion date)

Financial Statements

Exhibit A-1

LAWRENCE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 549,757	2,793,030	2,704,441	638,346
Special Road and Bridge	178,002	2,322,854	2,277,518	223,338
Assessment	206,428	226,832	176,926	256,334
Law Enforcement Training	1,610	8,250	5,146	4,714
Prosecuting Attorney Training	4,176	1,535	3,268	2,443
Common #1 Road District	72,117	327,849	378,295	21,671
Common #2 Road District	63,864	232,193	251,442	44,615
Prosecuting Attorney Bad Check	28,892	22,596	29,625	21,863
Domestic Violence	0	1,155	1,155	0
Drug and Dare	14,754	2,025	6,828	9,951
Emergency 911	103,225	207,827	128,990	182,062
Sheriff Special	3,392	16,771	13,125	7,038
Election Services	0	1,504	1,472	32
Developmentally Disabled	134,433	185,700	179,190	140,943
Senior Citizens Service	86,094	139,574	156,742	68,926
Law Library	9,587	5,520	7,483	7,624
Circuit Clerk Interest	10,961	2,268	7,943	5,286
Verona Benefit Special Road District	0	33,954	33,954	0
Recorder User Fee	70,000	17,056	13,459	73,597
Family Access	50	0	0	50
Associate Circuit Division Interest	6,781	1,314	435	7,660
Total	\$ 1,544,123	6,549,807	6,377,437	1,716,493

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

LAWRENCE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 538,154	2,631,194	2,619,591	549,757
Special Road and Bridge	253,901	2,072,233	2,148,132	178,002
Assessment	169,644	207,600	170,816	206,428
Law Enforcement Training	134	8,392	6,916	1,610
Prosecuting Attorney Training	3,777	1,401	1,002	4,176
Common #1 Road District	69,016	323,223	320,122	72,117
Common #2 Road District	28,847	394,569	359,552	63,864
Prosecuting Attorney Bad Check	22,253	25,750	19,111	28,892
Domestic Violence	0	1,220	1,220	0
Drug and Dare	2,742	15,994	3,982	14,754
Emergency 911	138,672	207,236	242,683	103,225
Sheriff Special	5,546	13,522	15,676	3,392
Developmentally Disabled	107,852	199,591	173,010	134,433
Senior Citizens Service	85,807	128,782	128,495	86,094
Law Library	10,251	4,955	5,619	9,587
Circuit Clerk Interest	8,877	2,084	0	10,961
Verona Benefit Special Road District	0	164,106	164,106	0
Recorder User Fee	57,457	17,643	5,100	70,000
Family Access	0	50	0	50
Associate Circuit Division Interest	11,060	1,137	5,416	6,781
Total	\$ 1,513,990	6,420,682	6,390,549	1,544,123

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

LAWRENCE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 6,532,263	6,497,483	(34,780)	6,055,848	6,255,389	199,541
DISBURSEMENTS	7,238,654	6,329,589	909,065	6,906,951	6,221,027	685,924
RECEIPTS OVER (UNDER) DISBURSEMENTS	(706,391)	167,894	874,285	(851,103)	34,362	885,465
CASH, JANUARY 1	1,462,408	1,467,292	4,884	1,469,707	1,502,930	33,223
CASH, DECEMBER 31	756,017	1,635,186	879,169	618,604	1,537,292	918,688
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	262,000	246,913	(15,087)	253,800	255,650	1,850
Sales taxes	1,050,000	1,087,383	37,383	980,000	1,007,708	27,708
Intergovernmental	642,628	758,250	115,622	671,835	714,662	42,827
Charges for services	544,800	588,256	43,456	490,889	518,874	27,985
Interest	55,000	74,439	19,439	35,000	53,436	18,436
Other	30,710	35,354	4,644	33,070	41,525	8,455
Transfers in	40,450	2,435	(38,015)	39,350	39,339	(11)
Total Receipts	2,625,588	2,793,030	167,442	2,503,944	2,631,194	127,250
DISBURSEMENTS						
County Commission	182,380	163,553	18,827	154,380	145,669	8,711
County Clerk	84,995	85,247	(252)	77,089	75,805	1,284
Elections	83,263	84,595	(1,332)	48,040	52,397	(4,357)
Buildings and grounds	154,539	118,384	36,155	277,662	221,445	56,217
Employee fringe benefits	250,300	214,198	36,102	220,000	205,075	14,925
County Treasurer	33,645	33,592	53	33,748	34,093	(345)
County Collector	76,542	74,928	1,614	70,643	75,456	(4,813)
Recorder of Deeds	91,183	79,196	11,987	93,954	86,457	7,497
Circuit Clerk	13,100	11,821	1,279	12,900	12,070	830
Associate Circuit Court	27,151	26,544	607	28,608	24,599	4,009
Court administration	22,388	40,563	(18,175)	21,531	23,432	(1,901)
Public Administrator	55,141	57,783	(2,642)	22,925	24,298	(1,373)
Sheriff	573,479	639,441	(65,962)	574,305	574,652	(347)
Jail	225,110	227,809	(2,699)	213,748	228,363	(14,615)
Prosecuting Attorney	206,781	210,860	(4,079)	204,913	200,620	4,293
Juvenile Officer	62,719	59,049	3,670	145,056	89,204	55,852
Child support enforcement	105,840	106,717	(877)	93,595	89,722	3,873
County Coroner	20,100	15,487	4,613	19,275	14,828	4,447
Health Center	363,881	352,389	11,492	343,495	336,565	6,930
Insurance and bonds	55,000	45,905	9,095	50,000	46,824	3,176
University extension	33,065	33,065	0	31,705	31,705	0
Civil defense	4,600	4,543	57	8,793	8,525	268
TIF distribution	10,000	7,790	2,210	10,000	10,738	(738)
Other	8,296	10,982	(2,686)	9,239	7,049	2,190
Emergency Fund	78,000	0	78,000	75,200	0	75,200
Total Disbursements	2,821,498	2,704,441	117,057	2,840,804	2,619,591	221,213
RECEIPTS OVER (UNDER) DISBURSEMENTS	(195,910)	88,589	284,499	(336,860)	11,603	348,463
CASH, JANUARY 1	549,757	549,757	0	538,154	538,154	0
CASH, DECEMBER 31	353,847	638,346	284,499	201,294	549,757	348,463

Exhibit B

LAWRENCE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	41,000	41,514	514	38,000	39,920	1,920
Sales taxes	1,050,000	1,088,799	38,799	980,000	1,013,413	33,413
Intergovernmental	1,400,400	1,154,033	(246,367)	950,550	965,155	14,605
Interest	4,000	3,444	(556)	10,600	3,702	(6,898)
Interfund loan	0	0	0	30,000	30,000	0
Other	35,050	35,064	14	300	20,043	19,743
Total Receipts	2,530,450	2,322,854	(207,596)	2,009,450	2,072,233	62,783
DISBURSEMENTS						
Distributions to special road districts	1,730,134	1,552,913	177,221	1,682,623	1,590,261	92,362
Road sign project	30,000	18,591	11,409	40,000	24,373	15,627
Construction, repair, and maintenance	400,000	201,128	198,872	0	0	0
TIF distribution	10,000	7,790	2,210	18,000	10,738	7,262
Other	50	9	41	50	21	29
Transfers out	538,268	497,087	41,181	522,678	522,739	(61)
Total Disbursements	2,708,452	2,277,518	430,934	2,263,351	2,148,132	115,219
RECEIPTS OVER (UNDER) DISBURSEMENTS	(178,002)	45,336	223,338	(253,901)	(75,899)	178,002
CASH, JANUARY 1	178,002	178,002	0	253,901	253,901	0
CASH, DECEMBER 31	0	223,338	223,338	0	178,002	178,002
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	207,390	199,299	(8,091)	180,590	192,085	11,495
Charges for services	3,000	9,037	6,037	0	7,803	7,803
Interest	3,000	11,068	8,068	0	7,712	7,712
Other	0	7,428	7,428	0	0	0
Total Receipts	213,390	226,832	13,442	180,590	207,600	27,010
DISBURSEMENTS						
Assessor	210,390	174,491	35,899	178,590	169,477	9,113
Transfers out	1,400	2,435	(1,035)	1,400	1,339	61
Total Disbursements	211,790	176,926	34,864	179,990	170,816	9,174
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,600	49,906	48,306	600	36,784	36,184
CASH, JANUARY 1	206,428	206,428	0	169,644	169,644	0
CASH, DECEMBER 31	208,028	256,334	48,306	170,244	206,428	36,184

Exhibit B

LAWRENCE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	2,217	2,217	0	0	0
Charges for services	5,000	6,033	1,033	4,000	4,892	892
Transfers in	0	0	0	0	3,500	3,500
Total Receipts	5,000	8,250	3,250	4,000	8,392	4,392
DISBURSEMENTS						
Sheriff	6,610	5,146	1,464	4,134	6,916	(2,782)
Total Disbursements	6,610	5,146	1,464	4,134	6,916	(2,782)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,610)	3,104	4,714	(134)	1,476	1,610
CASH, JANUARY 1	1,610	1,610	0	134	134	0
CASH, DECEMBER 31	0	4,714	4,714	0	1,610	1,610
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,500	1,535	35	1,400	1,401	1
Total Receipts	1,500	1,535	35	1,400	1,401	1
DISBURSEMENTS						
Prosecuting Attorney	5,676	3,268	2,408	5,177	1,002	4,175
Total Disbursements	5,676	3,268	2,408	5,177	1,002	4,175
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,176)	(1,733)	2,443	(3,777)	399	4,176
CASH, JANUARY 1	4,176	4,176	0	3,777	3,777	0
CASH, DECEMBER 31	0	2,443	2,443	0	4,176	4,176
<u>COMMON #1 ROAD DISTRICT FUND</u>						
RECEIPTS						
Property Taxes	37,000	37,352	352	35,000	35,704	704
Intergovernmental	0	0	0	0	5,528	5,528
Interest	0	110	110	125	108	(17)
Other	0	1,250	1,250	0	0	0
Transfers in	296,380	289,137	(7,243)	281,790	281,883	93
Total Receipts	333,380	327,849	(5,531)	316,915	323,223	6,308
DISBURSEMENTS						
Salaries and fringe benefits	109,500	90,104	19,396	100,681	91,750	8,931
Maintenance	223,500	264,654	(41,154)	210,500	207,030	3,470
Equipment	38,000	12,475	25,525	30,000	16,797	13,203
Mileage and training	600	461	139	600	319	281
Other	6,750	10,601	(3,851)	7,000	4,226	2,774
Total Disbursements	378,350	378,295	55	348,781	320,122	28,659
RECEIPTS OVER (UNDER) DISBURSEMENTS	(44,970)	(50,446)	(5,476)	(31,866)	3,101	34,967
CASH, JANUARY 1	72,100	72,117	17	69,016	69,016	0
CASH, DECEMBER 31	27,130	21,671	(5,459)	37,150	72,117	34,967

Exhibit B

LAWRENCE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COMMON #2 ROAD DISTRICT FUND</u>						
RECEIPTS						
Property Taxes	16,700	16,014	(686)	16,700	15,563	(1,137)
Intergovernmental	0	0	0	262,827	167,650	(95,177)
Other	7,000	8,229	1,229	0	8,500	8,500
Transfers in	202,888	207,950	5,062	202,888	202,856	(32)
Total Receipts	226,588	232,193	5,605	482,415	394,569	(87,846)
DISBURSEMENTS						
Salaries and fringe benefits	55,484	50,733	4,751	57,500	52,223	5,277
Maintenance	175,000	166,120	8,880	345,975	267,079	78,896
Equipment	10,000	6,227	3,773	25,000	8,188	16,812
Mileage and training	300	142	158	1,500	96	1,404
Buildings and grounds	25,000	22,430	2,570	0	0	0
Interfund loan	0	0	0	30,000	30,000	0
Other	2,700	5,790	(3,090)	12,350	1,966	10,384
Total Disbursements	268,484	251,442	17,042	472,325	359,552	112,773
RECEIPTS OVER (UNDER) DISBURSEMENTS	(41,896)	(19,249)	22,647	10,090	35,017	24,927
CASH, JANUARY 1	63,864	63,864	0	28,847	28,847	0
CASH, DECEMBER 31	21,968	44,615	22,647	38,937	63,864	24,927
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	26,200	22,596	(3,604)	25,000	25,712	712
Other	50	0	(50)	0	38	38
Total Receipts	26,250	22,596	(3,654)	25,000	25,750	750
DISBURSEMENTS						
Prosecuting Attorney	55,142	29,625	25,517	40,500	19,111	21,389
Total Disbursements	55,142	29,625	25,517	40,500	19,111	21,389
RECEIPTS OVER (UNDER) DISBURSEMENTS	(28,892)	(7,029)	21,863	(15,500)	6,639	22,139
CASH, JANUARY 1	28,892	28,892	0	22,253	22,253	0
CASH, DECEMBER 31	0	21,863	21,863	6,753	28,892	22,139
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	1,500	1,155	(345)	1,200	1,220	20
Total Receipts	1,500	1,155	(345)	1,200	1,220	20
DISBURSEMENTS						
Domestic violence shelters	1,500	1,155	345	1,200	1,220	(20)
Total Disbursements	1,500	1,155	345	1,200	1,220	(20)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

LAWRENCE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DRUG AND DARE FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	0	13,169	13,169
Other	5,000	2,025	(2,975)	1,700	2,825	1,125
Total Receipts	5,000	2,025	(2,975)	1,700	15,994	14,294
DISBURSEMENTS						
Sheriff	19,754	6,828	12,926	4,442	3,982	460
Total Disbursements	19,754	6,828	12,926	4,442	3,982	460
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,754)	(4,803)	9,951	(2,742)	12,012	14,754
CASH, JANUARY 1	14,754	14,754	0	2,742	2,742	0
CASH, DECEMBER 31	0	9,951	9,951	0	14,754	14,754
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Charges for services	207,584	207,824	240	173,484	207,154	33,670
Other	0	3	3	100	82	(18)
Total Receipts	207,584	207,827	243	173,584	207,236	33,652
DISBURSEMENTS						
Salaries and fringe benefits	65,260	63,901	1,359	65,500	64,864	636
Supplies	5,900	3,766	2,134	2,700	5,440	(2,740)
Mileage and training	500	726	(226)	1,200	273	927
Telephone networking	75,000	58,149	16,851	68,000	116,462	(48,462)
Equipment	116,500	2,448	114,052	149,000	55,644	93,356
Total Disbursements	263,160	128,990	134,170	286,400	242,683	43,717
RECEIPTS OVER (UNDER) DISBURSEMENTS	(55,576)	78,837	134,413	(112,816)	(35,447)	77,369
CASH, JANUARY 1	103,225	103,225	0	138,672	138,672	0
CASH, DECEMBER 31	47,649	182,062	134,413	25,856	103,225	77,369
<u>SHERIFF SPECIAL FUND</u>						
RECEIPTS						
Charges for services	15,000	16,771	1,771	10,000	13,522	3,522
Total Receipts	15,000	16,771	1,771	10,000	13,522	3,522
DISBURSEMENTS						
Sheriff	18,392	13,125	5,267	15,546	12,176	3,370
Transfers out	0	0	0	0	3,500	(3,500)
Total Disbursements	18,392	13,125	5,267	15,546	15,676	(130)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,392)	3,646	7,038	(5,546)	(2,154)	3,392
CASH, JANUARY 1	3,392	3,392	0	5,546	5,546	0
CASH, DECEMBER 31	0	7,038	7,038	0	3,392	3,392

Exhibit B

LAWRENCE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	2,000	1,504	(496)			
Total Receipts	2,000	1,504	(496)			
DISBURSEMENTS						
Election expense	2,000	1,472	528			
Total Disbursements	2,000	1,472	528			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	32	32			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	32	32			
<u>DEVELOPMENTALLY DISABLED FUND</u>						
RECEIPTS						
Property taxes	190,000	168,147	(21,853)	178,000	184,772	6,772
Intergovernmental	0	0	0	0	493	493
Interest	6,077	8,544	2,467	5,000	6,849	1,849
Loan proceeds	6,855	6,284	(571)	5,200	6,399	1,199
Other	0	2,725	2,725	0	1,078	1,078
Total Receipts	202,932	185,700	(17,232)	188,200	199,591	11,391
DISBURSEMENTS						
Contractual services	251,000	176,933	74,067	213,000	163,446	49,554
Equipment	10,000	0	10,000	0	0	0
Insurance	2,000	1,164	836	2,000	1,050	950
Loan to sheltered workshop	0	0	0	0	6,850	(6,850)
Other	6,000	1,093	4,907	4,000	1,664	2,336
Total Disbursements	269,000	179,190	89,810	219,000	173,010	45,990
RECEIPTS OVER (UNDER) DISBURSEMENTS	(66,068)	6,510	72,578	(30,800)	26,581	57,381
CASH, JANUARY 1	134,367	134,433	66	107,852	107,852	0
CASH, DECEMBER 31	68,299	140,943	72,644	77,052	134,433	57,381
<u>SENIOR CITIZENS SERVICE FUND</u>						
RECEIPTS						
Property taxes	127,746	135,503	7,757	130,000	125,789	(4,211)
Intergovernmental	0	975	975	0	0	0
Interest	955	3,096	2,141	0	2,993	2,993
Total Receipts	128,701	139,574	10,873	130,000	128,782	(1,218)
DISBURSEMENTS						
Contractual services	176,234	156,484	19,750	145,500	128,126	17,374
Office expenditures	1,000	258	742	800	369	431
Emergency Fund	23,512	0	23,512	46,851	0	46,851
Total Disbursements	200,746	156,742	44,004	193,151	128,495	64,656
RECEIPTS OVER (UNDER) DISBURSEMENTS	(72,045)	(17,168)	54,877	(63,151)	287	63,438
CASH, JANUARY 1	85,618	86,094	476	56,859	85,807	28,948
CASH, DECEMBER 31	13,573	68,926	55,353	(6,292)	86,094	92,386

Exhibit B

LAWRENCE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	5,400	5,520	120	5,150	4,955	(195)
Total Receipts	5,400	5,520	120	5,150	4,955	(195)
DISBURSEMENTS						
Law Library	5,600	7,483	(1,883)	5,150	5,619	(469)
Total Disbursements	5,600	7,483	(1,883)	5,150	5,619	(469)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	(1,963)	(1,763)	0	(664)	(664)
CASH, JANUARY 1	9,587	9,587	0	10,251	10,251	0
CASH, DECEMBER 31	9,387	7,624	(1,763)	10,251	9,587	(664)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	2,000	2,268	268	2,300	2,084	(216)
Total Receipts	2,000	2,268	268	2,300	2,084	(216)
DISBURSEMENTS						
Circuit Clerk	2,500	7,943	(5,443)	2,000	0	2,000
Total Disbursements	2,500	7,943	(5,443)	2,000	0	2,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(5,675)	(5,175)	300	2,084	1,784
CASH, JANUARY 1	6,636	10,961	4,325	4,483	8,877	4,394
CASH, DECEMBER 31	6,136	5,286	(850)	4,783	10,961	6,178
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for services				20,000	16,224	(3,776)
Interest				0	1,419	1,419
Total Receipts				20,000	17,643	(2,357)
DISBURSEMENTS						
Recorder of Deeds				25,000	5,100	19,900
Total Disbursements				25,000	5,100	19,900
RECEIPTS OVER (UNDER) DISBURSEMENTS				(5,000)	12,543	17,543
CASH, JANUARY 1				57,576	57,457	(119)
CASH, DECEMBER 31				52,576	70,000	17,424

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

LAWRENCE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Lawrence County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Developmentally Disabled Board, or the Senior Citizens Service Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Recorder User Fee Fund for the year ended December 31, 2000 and the Verona Benefit Special Road District Fund, Family Access Fund and Associate Circuit Division Interest Fund for the years ended December 31, 2000 and 1999.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	1999
Domestic Violence Fund	1999
Sheriff Special Fund	1999
Law Library Fund	2000 and 1999
Circuit Clerk Interest Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Senior Citizens Service Fund for the year ended December 31, 1999.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Developmentally Disabled Fund	2000 and 1999
Senior Citizens Service Fund	2000 and 1999
Law Library Fund	2000 and 1999
Circuit Clerk Interest Fund	2000 and 1999
Recorder User Fee Fund	2000 and 1999
Family Access Fund	2000 and 1999
Associate Circuit Division Interest Fund	2000 and 1999

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order)

when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2000 and 1999, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Developmentally Disabled Board's and Senior Citizens Service Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depositary insurance.

Supplementary Schedule

Schedule

LAWRENCE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERO045-9155	\$ 0	85,868
		ERO045-0155	81,904	29,633
		ERO0451-155W	26,204	0
	Program Total		<u>108,108</u>	<u>115,501</u>
10.559	Summer Food Service Program for Children	ERS146-0154I	57	0
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	95CFWX0333	0	3,506
16.unknown	Equitable Sharing of Seized and Forfeited Property	97-DEA-322249	0	3,100
		MO0550000	100	1,500
	Program Total		<u>100</u>	<u>4,600</u>
Passed through:				
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	742	600
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-055(13)	0	133,267
		BRO-055(14)	33,954	164,106
		BRO-055(15)	108,721	0
		BRO-055(16)	66,287	0
	Program Total		<u>208,962</u>	<u>297,373</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.534	Emergency Management - State and Local Assistance	N/A	2,153	4,380

Schedule

LAWRENCE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct programs:				
93.268	Immunization Grants	N/A	4,324	1,062
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects- State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERO146-0155CLPP ERS146-1155L	0 236 <u>236</u>	5 0 <u>5</u>
	Program Total		<u>236</u>	<u>5</u>
93.268	Immunization Grants	N/A	37,871	30,485
Department of Social Services -				
93.563	Child Support Enforcement	N/A	71,029	67,722
Department of Health -				
93.575	Child Care and Development Block Grant	PGO067-9155 PGA067-0155S PGA067-1155S PGA067-0155C PGA067-1155C	0 2,110 935 2,360 523 <u>5,928</u>	2,640 715 0 133 0 <u>3,488</u>
	Program Total		<u>5,928</u>	<u>3,488</u>
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERO161-90036 ERS161-00005	0 6,789 <u>6,789</u>	7,769 4,253 <u>12,022</u>
	Program Total		<u>6,789</u>	<u>12,022</u>
93.940	HIV Prevention Activities - Health Department Based	N/A	52	37
93.991	Preventive Health and Health Services Block Grant	N/A	451	363

Schedule

LAWRENCE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
93.994	Maternal and Child Health Services Block Grant to the States	ERO146-9155MCH	0	17,786
		ERS146-0155M	19,761	7,450
		ERS146-1155M	5,379	0
		ERO175-9155FP	0	9,522
		ERS175-0155F	10,523	4,002
		ERS175-1155F	2,588	0
		C100015039	130	0
		N/A	2,254	1,815
		N/A	286	1,617
	Program Total		40,921	42,192
	Total Expenditures of Federal Awards		\$ 487,723	583,336

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

LAWRENCE COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Lawrence County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Of the amounts for Immunization Grants (CFDA number 93.268), \$40,065 and \$31,547 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but

distributed to the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$451 and \$363 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$2,254 and \$1,815 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. The remaining amounts for Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$33,954 and \$164,106 to a subrecipient under the Highway and Planning Construction Program (CFDA number 20.205) during the years ended December 31, 2000 and 1999.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Lawrence County, Missouri

Compliance

We have audited the compliance of Lawrence County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Lawrence County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 00-1 and 00-2.

Internal Control Over Compliance

The management of Lawrence County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 00-1 and 00-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable conditions described above are not material weaknesses.

This report is intended for the information of the management of Lawrence County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

July 26, 2001 (fieldwork completion date)

Schedule

LAWRENCE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2000 AND 1999

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133s? x yes no

Identification of major programs:

CFDA or Other Identifying <u>Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
20.205	Highway Planning and Construction

\$300,000

yes x no

WE RECOMMEND the County Commission establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County will issue checks to the contractors the day the monies are received instead of waiting until the County's normal pay cycle on the fifth and twentieth of each month. This procedure will be implemented immediately.

00-2. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ER0045-9155, ER0045-0155, ER00451-155W
Award Years:	2000 and 1999
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-055(13), BRO-055(14), BRO-055(15), BRO-055(16)
Award Years:	2000 and 1999
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of State and Local Government, and Nonprofit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. For the years ended December 31, 2000 and 1999, the county's SEFA did not include expenditures related to several of its federal grants. In total, expenditures were understated by approximately \$244,000 for 1999. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and officials. Considering the overall incompleteness of the SEFA, it appears the County Clerk's efforts to prepare an accurate and complete SEFA were inadequate.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County will implement procedures to make sure the federal expenditure amounts received from various officials as well as the County in general are accurate. These procedures will be implemented for the next budget year.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

LAWRENCE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

LAWRENCE COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

SECTION ON OTHER MATTERS

LAWRENCE COUNTY, MISSOURI
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Lawrence County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 26, 2001. We also have audited the compliance of Lawrence County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 26, 2001.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These matters resulted from our audit of the special-purpose financial statements of Lawrence County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1. County Expenditures

The county did not solicit or advertise for bids for some purchases, including \$46,763 for prisoner food, \$19,487 for Emergency 911 communications equipment, and \$13,307 for law enforcement fuel. The county did not obtain supporting documentation prior to issuing payment for some expenditures. The county did not ensure an invoice was mathematically correct and as a result overpaid a vendor \$1,390 in December 2000. At our request, the county asked for a credit memo to be issued in June 2001. The Sheriff did not retain supporting documentation of a \$200 travel advance received in January 2000 nor did he refund any of these monies. The jail does not maintain documentation of the number of meals served to employees. In addition, the county's personnel policy does not address whether employees are to be provided meals by the county.

2. Budgetary Procedures and Published Financial Statements

Disbursements were made in excess of approved budgets for various county funds. Budgets were not prepared for some county funds. The annual published financial statements did not include some county funds.

3. Personnel Policies and Procedures

Records of vacation or sick leave earned, taken, and accumulated are not maintained for some county employees. Currently, each individual office holder or department is responsible for maintaining leave records. The Health Center, Collector, and Sheriff are the only county offices which maintain leave records.

4. County Officials' Compensation

Salary overpayments noted in our prior report to the County Collector, County Assessor, and former County Treasurer have not been corrected.

5. Property Tax System

The County Assessor has no statutory authority to make changes to the assessment data after the meetings of the Board of Equalization are completed; however, the County Assessor and his staff are allowed access to the assessment data at all times. Controls over property tax additions and abatements are not adequate. The County Clerk does not maintain an account book with the County Collector.

6. County Treasurer's Procedures

Interest earned on the County Treasurer's general checking account is not allocated properly.

7. County Employee Bond Coverage

Employees of various county offices who handle monies are not adequately bonded.

8. Senior Citizens Service Board

The 2000 and 1999 budgets did not include actual expenditures for the two preceding years. The budget prepared for 2000 did not include a summary and cash reconciliation page. In addition, for the year ended December 31, 1999, budgeted expenditures exceeded budgeted revenues plus beginning balances resulting in a budgeted deficit.

This Letter on Other Matters is intended for the information of the management of Lawrence County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.